

BOARD OF DIRECTORS MEETING (OPEN)

AGENDA ITEM 12a

ATTACHMENT 12a-I

CONSENT CALENDAR: APPROVAL OF MINUTES OF NOVEMBER 20-21,  
2008 MEETING OF BOARD

PRESENTED BY: Jeanne Cain

January 16, 2009

**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**MINUTES OF MEETING**

**November 20-21, 2008**

The Board of Directors of State Compensation Insurance Fund met on November 20-21, 2008 in the Milton Marks Conference Center, State Building, 455 Golden Gate Ave, San Francisco, California.

**NOVEMBER 20, 2008**

**AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL**

The meeting was called to order on November 20, 2008 at 4:48 p.m. and the following were present: Voting Members Jeanne L. Cain, Chair; Sheryl A. Chalupa; and Vincent E. Mudd. Non-Voting Members John C. Duncan; Jerry Kalmar; and Don Moulds. Absent: Voting Members Francis E. (Frank) Quinlan and James A. Santangelo.

Also present: Janet D. Frank, President; Jim Neary, Executive VP; Jay Stewart, Chief Financial Officer; Carol R. Newman, General Counsel; Judith D. Sapper, Assistant Chief Counsel and Board Secretary; and Randall Keen, Esq. of Manatt Phelps & Phillips.

**AGENDA ITEM 2: ANTITRUST ADMONITION**

Ms. Cain called attention to State Fund's Antitrust Admonition which is included in each member's agenda:

"Certain information discussed and disseminated at State Fund Board of Directors' Closed Sessions may be confidential and proprietary to State Fund. Board members should not share or discuss information pertaining to the operation of State Fund with representatives from other workers' compensation insurers, even if that information is intended to be, or is already, public. For example, Board members should not discuss rate-making or other financial information with representatives of other insurers, including proposed rates, merit rating plans, premium discounts, surcharges or dividends. Board members also should refrain from discussing broker commission payments or commission plans with other insurers. To do so may create the impression of collusion between insurers, which could result in civil and/or criminal charges being filed against the Board member and State Fund for alleged violations of state and federal antitrust laws."

**AGENDA ITEM 3: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 5 THROUGH 10**

Ms. Cain requested public comment of which there was none.

The meeting convened immediately into Closed Session and reconvened at 8:30 a.m. on November 21, 2008 into Open Session.

### **NOVEMBER 21, 2008**

#### **AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL**

The meeting came to order at 8:50 a.m. and the following were present: Voting Members Jeanne L. Cain, Chair; Sheryl A. Chalupa; Vincent E. Mudd; and Francis E. (Frank) Quinlan. Non-voting Members John C. Duncan; Jerry Kalmar; and Don Moulds. Absent: Voting Member James A. Santangelo.

Also present: Janet D. Frank, President; Jim Neary, Executive VP; Jay Stewart, Chief Financial Officer; Carol R. Newman, General Counsel; Judith D. Sapper, Assistant Chief Counsel and Board Secretary; and Randall Keen, Esq. of Manatt Phelps & Phillips.

In accordance with Government Code section 11126(c)(18), Ms. Cain reported that during the Closed Session on November 20, the Board considered matters posing a threat or potential threat of criminal or terrorist activity against State Fund personnel, property, buildings, facilities, or equipment. The Board considered protocols and necessary measures for ensuring the safety and security of State Fund personnel. The Board did not take action on that item in Closed Session.

#### **AGENDA ITEM 2: ANTITRUST ADMONITION**

Ms. Cain read State Fund's Antitrust Admonition.

#### **AGENDA ITEM 3: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 4 THROUGH 7**

There was no public comment.

The meeting convened immediately into Closed Session.

#### **AGENDA ITEM 4: APPROVAL OF SEPTEMBER 11, 2008 CLOSED MEETING MINUTES** Closed Session.

#### **AGENDA ITEM 5: AUDIT UPDATE** Closed Session.

#### **AGENDA ITEM 6: COMPETITIVE INVESTMENT STRATEGY** Closed Session.

#### **AGENDA ITEM 7: SAFETY AND SECURITY OF PERSONNEL** Closed Session.

#### **AGENDA ITEM 8: CALL TO ORDER AND ROLL CALL**

The meeting was called to order at 11:08 a.m. and the following were present: Voting Members Jeanne L. Cain, Chair; Sheryl A. Chalupa; Vincent E. Mudd; and

Francis E. (Frank) Quinlan. Non-voting Members John C. Duncan; Jerry Kalmar; and Don Moulds. Absent: James A. Santangelo.

Also present: Janet D. Frank, President; Jim Neary, Executive VP; Jay Stewart, Chief Financial Officer; Carol R. Newman, General Counsel; Judith D. Sapper, Assistant Chief Counsel and Board Secretary; and Randall Keen, Esq. of Manatt Phelps & Phillips.

Ms. Cain introduced the Board of Directors and State Fund members present and provided preliminary explanations about the conduct of State Fund's first public meeting of the Board.

**AGENDA ITEM 9: ANTITRUST ADMONITION**

Ms. Cain read State Fund's Antitrust Admonition.

**AGENDA ITEM 10: INTRODUCTIONS**

Introductions of the Board were made during roll call and of the outside presenters during the President's Report rather than under this agenda item.

**AGENDA ITEM 11: CONSENT CALENDAR**

The consent calendar consisted of the following items: Approval of Open Minutes of Board Meeting of September 11, 2008; Approval of Renewal of Excess Workers' Compensation Insurance Coverage at best available terms for State Fund employees' workers' compensation claims for renewal January 1, 2009; and Approval of Retirement Resolutions 853-858.

MOTION: Mr. Quinlan      Second: Ms. Chalupa

To approve the Open minutes of the September 11, 2008 Board Meeting.

AYES: 4      NOES: 0      Motion carried.

MOTION: Ms. Chalupa      Second: Mr. Quinlan

To approve the renewal of excess insurance coverage on State Fund's Workers' Compensation claims expiring January 1, 2009 at the best available terms.

AYES: 4      NOES: 0      Motion carried.

Retiring employees serving over 30 years were recognized in six resolutions attached hereto and incorporated as a part of these minutes:

Resolution No. 853 in appreciation of Teryl S. Wallace, thanking her for serving State Fund with distinction for more than 38 years;

Resolution No. 854 in appreciation of Frank D. Delgado, thanking him for serving State Fund with distinction for more than 32 years;  
Resolution No. 855 in appreciation of Judy Nathan MacDonald, thanking her for serving State Fund with distinction for more than 32 years;  
Resolution No. 856 in appreciation of Patricia M. Eatherton, thanking her for serving State Fund with distinction for more than 35 years;  
Resolution No. 857 in appreciation of Sharon K. Biggs, thanking her for serving State Fund with distinction for more than 35 years; and  
Resolution No. 858 in appreciation of Nancy A. Obertello, Vice President and Member of the Executive Committee, thanking her for serving with distinction for more than 32 years.

MOTION: Mr. Kalmar      Second: Mr. Mudd

To approve Retirement Resolutions 853-858.

AYES: 4      NOES: 0      Motion carried.

**AGENDA ITEM 12: RATIFICATION OF INVESTMENT TRANSACTIONS**

Mr. Mudd, as Investment Committee Chair, presented this item. Ratification of Bond Transactions: Twenty-two (22) bonds were purchased from August 1, 2008 to September 30, 2008, totaling \$374,190,213.38 and four (4) were sold totaling \$150,000,000.00. The following action was taken:

MOTION: Mr. Kalmar      Second: Ms. Chalupa

To ratify the August-September 2008 bond transactions.

AYES: 4      NOES: 0      Motion carried.

There were no Short-Term Investment Transactions to ratify. The report of thirteen (13) long-term investments totaling \$210,000,000.00 in compliance with State Fund's investment guidelines at the time of purchase but no longer in compliance was presented. Ms. Cain requested public comment. Public comment by Mr. Don Bone was submitted for consideration: on (i) a request for public disclosure of non-conforming investments and actions taken regarding their nonconformance and (ii) impact of Board ratification of non-conforming investments on State Fund's rights to pursue action against the investments. There being no further public comment, the following action was taken:

MOTION: Mr. Kalmar      Second: Ms. Cain

To ratify the Compliance Report.

AYES: 4      NOES: 0      Motion carried.

**AGENDA ITEM 13: COMMITTEE REPORTS**

Mr. Mudd presented the updates of the Investment and Audit Committees, noting the proposed Audit Services plan for 2009 had been presented and approved. Ms. Cain requested public comment of which there was none. The following action was taken:

MOTION: Mr. Kalmar      Second: Ms. Cain

To adopt the 2009 Audit Services plan.

AYES: 4      NOES: 0      Motion carried.

**AGENDA ITEM 14: FINANCIAL STATEMENT REVIEW--3RD QUARTER 2008 AND PREVIEW YEAR-END**

Mr. Jay Stewart made an oral report of budgeted and actual expenses for the 3<sup>rd</sup> Quarter 2008 and a projection of year-end premiums, losses and expenses. He noted a change in governmental accounting standards rules for the State of California was the main reason for increased expenses, resulting in a change in the allocation methodology of the liability for post-retirement benefits to the State Fund by the State of California. He explained that State Fund charges off uncollectable premium but that the amounts are pursued even though written off. He noted State Fund's assets exceed liabilities by approximately \$5B. Ms. Cain requested public comment. Public comment was submitted by Mr. Don Bone regarding his view that State Fund has high expenses, large uncollectables, improper oversight of the investment portfolio and collections, and the Board's need for greater oversight.

**AGENDA ITEM 15: ADOPTION OF AMENDED BYLAWS**

Ms. Cain reviewed some of the changes to the By-Laws required by the new legislation affecting State Fund, and noted having amended By-Laws is a positive factor that will help with governance. There being no public comment, the following action was taken.

MOTION: Mr. Quinlan      Second: Mr. Kalmar

To approve the Amended and Restated By-Laws.

AYES: 4      NOES: 0      Motion carried.

**AGENDA ITEM 16: PRESIDENT'S REPORT**

Ms. Frank introduced Christina Baker, Executive Officer of the Commission on Health and Safety and Workers' Compensation (CHSWC) and Lachlan Taylor, Workers' Compensation Judge, for a briefing on CHSWC and recent workers' compensation reforms. Ms. Baker and Mr. Taylor made a detailed and thorough presentation on the impact of reforms, changes to indemnity and permanent disability benefits, medical cost increases, and key research projects on medical

care, return to work, permanent disability, insurance studies, anti-fraud studies, and occupational health and safety. Board members asked questions about apportionment, medical costs, universal health care, the rise of medical condition claims over traumatic injuries, and upcoming significant issues.

Ms. Frank then introduced Michael Nolan and Alex Swedlow of the California Workers' Compensation Institute (CWCI) for a briefing on medical trends in the California workers' compensation system. They provided comprehensive information about workers' compensation reforms in the areas of medical cost containment, medical utilization, pharmacy and repackaged drugs, and medical provider networks, based on data from 1.2 million claims for workers' compensation injuries between January 2002 to June 2007. CWCI will study a significant increase in utilization in 2006 and potential factors for a return of medical inflation. They noted a growth area, particularly in Southern California, for claims relating to psyche, sleep, sexual dysfunction, and disorder issues.

A recess was taken from 12:30 to 1:00 p.m. Roll call was taken by Ms. Cain and all Board members in attendance until the recess remained in attendance. Ms. Frank then presented an agenda item for assimilation and orientation of new Board members and their continuing education. She requested direction from the Board that would be given to the General Counsel for review. The General Counsel will oversee the Board orientation and training program. The Board recommended making use of CWCI and CHSWC for educating the Board. There was a discussion of the statutory need for outside entities to train the Board on corporate governance. Ms. Cain and Ms. Chalupa provided information on potential topics, training entities, and organizations or associations who could provide conferences or customized training.

Ms. Frank provided the Board of Directors Meeting Schedule for 2009. Ms. Cain reported a conflict with the meeting of September 10-11, 2009 and the need for an acting Chair. Meeting dates and availability for 2010 will be identified early in 2009. Ms. Cain requested public comment of which there was none. The following action was taken:

MOTION: Mr. Mudd                      Second: Ms. Chalupa

To approve the Board of Directors Meeting Schedule for 2009.

AYES: 4      NOES: 0                      Motion carried.

**AGENDA ITEM 17: CHAIR'S REPORT & RECRUITMENT OF NEW BOARD MEMBERS**

Ms. Cain noted that there are openings on the Board and that it is the Governor's purview to make the appointments but interested parties can submit names to the Governor or Legislature.

**AGENDA ITEM 18: APPOINTMENT OF CORPORATE SECRETARY AND ASSISTANT SECRETARY**

Ms. Cain reported that existing Corporate Secretary Judith Sapper had tendered her resignation in view of the appointment of Carol Newman as General Counsel. Ms. Cain recommended appointing Ms. Newman as Corporate Secretary and Ms. Sapper as Assistant Corporate Secretary. The Board recognized and thanked Ms. Sapper for her services. Ms. Cain requested public comment of which there was none. The following action was taken:

MOTION: Mr. Quinlan      Second: Ms. Chalupa

To appoint Ms. Carol R. Newman as Corporate Secretary and Ms. Judith D. Sapper as Assistant Corporate Secretary, each of whom shall serve until her successor has been duly appointed by the President or until early resignation or removal by the President.

AYES: 4      NOES: 0      Motion carried.

**AGENDA ITEM 19: BOARD MEMBER REPORTS**

Mr. Mudd reported that he had represented the Board at the Grand Opening of the Vacaville campus together with State Fund's management team. The mayor of Vacaville spoke highly of State Fund and the positive economic contribution to the city and PG&E presented a \$1M check for efforts toward sustainable energy. Ms. Chalupa congratulated Ms. Frank and staff on the new marketing and rebranding efforts, image, mission, vision, and value statements. Ms. Frank recognized and thanked Communications Director Jennifer Vargen for her efforts on the branding project. Ms. Chalupa also reported she had the opportunity to attend a luncheon with State Fund staff, the Builders Exchange and other trades and reported positive discussions about State Fund.

**AGENDA ITEM 20: PROPOSALS AND SUGGESTIONS FOR JANUARY 2009 AGENDA**

Board members requested State Fund invite other presenters and ask CWCI or CHSWHC to return for future meetings. The Board suggested topics such as Return to Work, beneficial business practices, First Aid claims, opiate study results, and general improvements in the Workers' Compensation system.

**AGENDA ITEM 21: PUBLIC COMMENT**

Ms. Cain requested public comment. Mr. Chris Boyd, State Fund IT employee, gave public comment and submitted the written comments attached.

**ADJOURNMENT**

There being no further business, Chair Cain adjourned the meeting at 1:40 p.m. The next regularly scheduled Board meeting will begin on Thursday, January 15,



2009 at 4:00 p.m. for a Closed Session at the Milton Marks Conference Center, 455 Golden Gate Ave, San Francisco and will resume there at 8:30 a.m. on Friday, January 16, 2009 with the Open Session to begin at 11:00 a.m.

Attachment

## Board Meeting Statement

Good Afternoon;

I am an IT Employee at State Fund one of the approximately 1000 State Fund IT employees. Thank you for the opportunity to be at the first open State Fund Board of Directors Meeting. We look forward to working with our new executive operations team, Janet, Harrison and Becky. Many employees are deeply concerned that State Fund is not complying with the CDI Audits which require significant cuts in outsourced contractor positions and concerned that State Fund is headed in the wrong direction and about to increase outsourcing to it's former levels. In 2007, Jeffrey Gershaneck, Head of the IT Department, elaborated a very competent and effective transition plan. However it has not been carried out. The Union SEIU Local 1000 asked employees to vote on the transition plan and over 65% of the employees accepted the plan and requested that legal action be taken to enforce the transition plan if State Fund failed to act.

State Fund is a unique organization. I believe that State Fund is better than a State Agency and better than a private sector company. State Fund needs "organic growth" to achieve it's potential. State Fund should be investing in it's employees. Instead in 2008 it cut back on our training. Hundreds of millions of dollars have been wasted for IT off-the-shelf and outsourced packages. We are concerned that hundreds of millions of dollars will be drawn down from State Fund's reserves which are set to be spent on new IT outsourcing.

Secrecy and lack of transparency were identified in the CDI Audit as major faults. We are concerned and would like to request that all RFPs and responses be made public immediately and continuously.

We are asking the Board to align the course and destination of State Fund's IT Department with the legal requirement stated in the California Government Code 19130 which bars State Fund from outsourcing jobs that can be done by employee classifications for competitive costs.

I have prepared a document with more detail than I have time here and I would like to submit this document into the Meeting Minutes for the record. I will also submit this document to the Union, SEIU Local 1000, for a follow-up letter to the Board of Directors.

Thank you for your time.

## Hundreds of Millions Wasted in Outsourcing at State Fund

The high cost of illegal IT outsourcing at State Fund has come together with reduced premium income and increased competition in the market. This has created a perfect storm at State Fund where the unsustainable loss ratio now exceeds 1.40%. Runaway outsourcing expenditures for IT for PowerComp, SFO, ECF and other systems have blown the IT budget to approximately 20% of State Fund's budget. The CDI reported that State Fund had paid approximately \$ 321 Million Dollars in the 2004 to 2007 time period to IT vendors and that there were approximately 200 consultants which was far above and several times the justifiable number.

In 2007 The California Department of Insurance (CDI) Insurance Commissioner appointed an Operational Review Audit of State Fund (CDI Audit) pursuant to California Insurance Code Section 733(g). This review was initiated in response to the CDI's preliminary financial examination findings related to corporate governance and other management issues, in the wake of the investigation of potential criminal misconduct by former employees. Two key SCIF executives, President Jim Tudor and Executive Vice President Renee Koren, were removed from their positions on March 20, 2007. Larry Mulryan was appointed acting President.

### In 2007 State Fund Acts to Eliminate Outsourcing Waste

In 2007 IT Department Head Jeffrey Gershaneck immediately acted to cut costs to reduce the contractor count by 100 in 2007 from approximately 300 to 200 consultants. State Fund further agreed to 2008 cuts of 113 consultants in 2008 and to transition contracted IT management and key consultants positions to newly created employee positions. Replacing contractors with employees would reduce the IT budget to within the 5% of the total budget consistent with private industry.

### In 2008 State Fund Reverses Course

The cuts to outsourcing State Fund committed were stopped in 2008. State Fund plans to reverse course in a massive outsourcing drive to dwarf the Tudor-Koren Era. A new outsourcing spree is now planned to exceed Hundreds of Millions in the next several years.

State Fund has not complied with commitments to fix the excesses identified in the CDI Audit and has not cut wasteful outsourcing costs by replacing them with employees. The specific recommendations in the CDI Audit are:

1. The CDI reported that the Contracts for IT consultants used for operational purposes have been extended years beyond the original contract term. The consultants have been used to

augment the existing IT operational staff on a long-term basis, and not necessarily to fill temporary needs. The CDI reported that the use of IT consultants to fill long-term operational needs circumvents the HR hiring process and may not be cost beneficial. Additionally, this practice distorts the true IT departmental staffing needs in the budgetary process, and may increase security issues.

2. The CDI reported that IT consultants that perform project development work are contracted over six month periods, and are not contracted by project. Using the IT consultants in this method circumvents both the HR hiring process and the vendor bid and selection process. By not requesting project bids, SCIF may not be receiving the best rates possible.
3. The CDI reported arrangements between at least vendor and former SCIF executives where the vendor would pre-bill SCIF for a specific amount and then use these funds to obtain goods and services from third parties as directed by former SCIF executives. The funds that SCIF paid to this vendor were used for items such as sponsorships, donations, golf tournaments and gifts. Upon information and belief one vendor FiServ/World Group continues to do business with State Fund today even though it donated funds to one of the charities headed by fired executive Renee Koren.

### Restore A Strong Technical Career Path

The recent years have been challenging years for Information Technology employees. The large numbers of contractors in I.T. over the last five years have displaced over 50% of the high level and high skill employee positions. The careers and skills of committed and talented people have been devastated. The technical career path that was the pride of State Fund has become the trail to nowhere for employees. Cost effective, highly skilled employees who are software developers have been told to "go to Microsoft."

### Blank Check

In the past, software vendors have been given a blank check for both "Out of the Box" and outsourced software development. Yet neither option has worked at State Fund. Runaway outsourcing expenditures for costly systems like PowerComp, SFO, ECF and other ill-advised systems have been justified on the rash notion that State Fund is "not in the software business."

## Need To Reduce Business Operational Risk

Over the past years I.T. has outsourced a majority of the employee positions to consultants and third party vendors. State Fund has concentrated vital business knowledge in the minds of consultants that could leave at any moment. This has created an unacceptable risk. This dependency on external contactors needs to be immediately mitigated because it creates a high business risk. The internal employee technical expertise must be rebuilt very quickly. The transfer of the management, design, development and operation activities of the software systems need to occur immediately. These systems are "Business Backbone of State Fund" and the loss of operating capability in any one system jeopardizes the business viability of State Fund.

## Reverse Course On Ethic Policies

State Fund has not complied with it's commitment to the CDI Audit recommendation regarding corporate ethics. Instead of cleaning house and steering with straight shooters with impeccable and honest track records State Fund has promoted Key Tudor-Koren allies and appointees to senior management roles. These individuals collaborated in the execution of State Fund's most corrupt and wasteful period. These individuals managed the \$ 321 Million Dollars in the 2004 to 2007 period identified as excessive spending in the CDI Audit. They were the keystones in the Tudor-Koren web based on favoritism, nepotism, cronyism and the like.

Secrecy and lack of transparency were identified in the CDI Audit as major faults at State Fund. Therefore all IT RFPs for products and service contracts and vendor responses need be made public immediately and continuously to ensure open and transparent procurement, as well as, compliance with California Government Code 19130.

## State Fund Can Not Break The Law on Outsourcing

Government Code section 19130 codifies the exceptions to the civil service mandate recognized in various court decisions. State Fund is unarguably part of the State of California. The civil service mandate applies to the state as a whole including State Fund and provides that the state, as a whole, must use civil service employees whenever those employees can perform the state's work adequately and competently. The failure of the state to employ sufficient civil service personnel to perform the state's business cannot be used to create an exemption to the civil service mandate. The California Supreme Court has recognized that emanating from Article VII of the California Constitution is an implied "civil service mandate" that prohibits state agencies from contracting with private entities to perform work that the state has historically and customarily performed and can perform adequately and competently.

To: Jeffery Gershaneck, I.T. Program Manager  
Harrison Jerome, Vice President

CC: Larry Mulryan, President  
Janet Frank, Incoming President  
Jean Rowan, Human Resources  
Vera DeMartini, Legal Department

26 September 2007

From: SEIU0000 IT JLMC Members

Subject: I.T. Transition Plan

Dear Jeffrey and Harrison:

The IT JLMC Employee Representatives recognize and respect the vision and the magnitude of effort required to authorize the 2008 IT Transition Plan presented to the Joint Labor Management Committee on August 24<sup>th</sup>, 2007.

The plan presented addresses most of the key issues that have been discussed since our first meetings in June 2006. The key points of the IT transition plan that you presented include:

- Transition contracted IT management and key consultants to employees in 2008;
- Creating 113 to 117 new Civil Service IT positions in the 2008 IT program plan based upon the 2008 project portfolio;
- Providing additional employee training to assume duties contractors currently perform;
- Administering an open IT examination in January 2008;
- Reducing the number of employees forced to transfer from Home Office to Vacaville to personnel physically required to operate hardware on location;
- Retaining IT units in Home Office by splitting IT units between Vacaville and Home Office, if necessary.



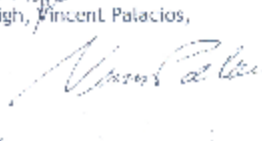
The goal of this plan is to rectify the current outsourcing practices at State Fund that are in violation of the law and contracting out provisions in the Constitution of California, Civil Service Code, and contained in the Master Agreement between SEIU and The State of California. The contract binding to State Fund (Section 14.8 page 203) does not allow contractors to be used:

"Except in extremely unusual or urgent time-limited circumstances, or other circumstances where contracting out is recognized or required by law, Federal mandate, or court decisions/orders, the State must make every effort to hire, utilize and retain bargaining unit employees before resorting to the use of private contractors."

We wish to schedule our next meeting the week of the 15<sup>th</sup> of October 2007. The IT JLMC Employee Representatives look forward to working with Management to (1) to monitor the Transition plan, (2) to provide additional input and suggestions to improve the transition plan, (3) to maintain continuity during the IT management and executive transition, (4) to resolve the contracting and Vacaville transition in an expeditious manner, and (5) any other IT issues as they arise.

Sincerely,

  
Madelaine Borges, Christopher Boyd, Paul Cooney, Stephen McVeigh, Vincent Palacios,  
Skeet Stahmer

**From:** Stephen W. McVeigh  
**Sent:** Wednesday, September 19, 2007 8:45 AM  
**Subject:** Union Meeting for IT members Today - Cafeteria

**Attachments:** VoteSEIU.doc



### **SEIU Union/ State Fund IT JLMC Plan Specifics**

There will be a quick 15 minute meeting for ALL IT employees (Union and Fairshare members)

TODAY at 11:30, 12:00, 12:30, 1:00 in the CAFETERIA. (The room overlooking Market Street) .

SEIU1000 has negotiated and worked with State Fund Management for 18 months to develop alternatives to a forced move for all employees to Vacaville, create 100 + new employee positions and to reduce contractors.

Jeffrey Gershaneck presented this plan to the Executive Committee and received approval.

On August 24th, 2007, State Fund presented the plan to the Union members of the IT Joint Labor Committee.

We need to get **YOUR COMMENTS, IDEAS and YOUR VOTE** .

Please review the attached member update and ballot, print, come to the meeting for answers to questions that you may have.

Sincerely,

IT JLMC:  
Stephen McVeigh  
Margarita Maldonado  
Anne Guise Esq.  
Madeleine Borges  
Vincent Palacios  
Skeet Stahmer  
Christopher Boyd



Plan Specifics

Specifically, the plan includes:

- 1. Based upon the number of currently proposed IT projects for 2008, the 2008 program plan will have 113 to 117 new SSS III, Senior, Staff and Associate IT positions, to be located in Vacaville.
2. An open exam will be administered by State Fund in Late January 2008 in the Fairfield/Vacaville area.
3. Hiring for Vacaville is expected to begin in May 2008; new hires must have the appropriate skill sets to step into the currently-contracted and other vacant positions.
4. Contractors will transfer knowledge, on the job training, and information to employees during the transition period which should not exceed six months.
5. Some units and some IT employees (we don't have an exact number yet) will still be required to move to Vacaville, such as the Data Center employees and other employees who work with the physical IT equipment and infrastructure.
6. For some units, employees will be split between San Francisco and Vacaville requiring the unit supervisor to commute between two locations for a period of time. The units to be split will be based upon the number of employees who voluntarily transfer to Vacaville in any given unit.
7. The current contractor count is 211; under the plan, the Union projects the contractor count to be significantly reduced by early 2009.

[ ] I agree with the management plan as specified above; I wish the Union and members of the IT JLMC to work with State Fund management to enforce and improve the plan.

Ideas to improve the plan: \_\_\_\_\_

[ ] I reject the management plan as specified above.

Reasons Cited to reject the plan: \_\_\_\_\_

[ ] I agree with legal action if necessary to enforce the plan and our employee rights.